GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1155
ANSWERED ON:24.10.2008
PROTECTION OF INTERESTS OF DEPOSITORS
Maharia Shri Subhash

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government proposes to formulate any special law to protect the interests of Depositors in the financial institutions;

(b) if so,the details thereof;

(c) whether State Governments have been consulted in this regard;and

(d) if so, the reaction of the State Governments thereon?

Answer

MINISTER OF STATE IN THE MINISTRY(SHRI PAWAN KUMAR BANSAL)

(a) & (b): No,Sir.The Deposit Insurance and Credit Guarantee Corporation extends insurance cover to small depositors with an objective of maintaining confidence of the small investors in the banking system of the country.Deposit insurance is compulsory for all banks in the country and the Deposit Insurance Scheme eovers all commercial banks including local area banks,regional rural banks,cooperative banks and private banks(including foreign private banks) in all States and Union Territories of India.

In the event of liquidation,reconstructiop/amalgamation of an insured bank every depositor of that bank is entitled to repayment of his deposit held by him in the same right and same capacity in all branches of that bank upto a monetary ceiling of Rs.one lakh.As at the end March 2008,fully protected deposit acccnmts constituted 92.6 per cent of total number of deposit accounts.

(c) & (d): Does not arise.